

May 6/7



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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

Washington DC 403

SEC Processing Section MAY 31 2012

SEC FILE NUMBER 8-79377 8-44204

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17c-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 04/01/11 AND ENDING 03/31/12 MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: First Bermuda Securities (BVI) Ltd. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) Maxwell R. Roberts Building 1 Church Street (No. and Street) Hamilton Bermuda HM 11 (City) (State) (Zip Code)

OFFICIAL USE ONLY FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT John Q. Public (212) 555-1234 (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report* KPMG Cayman Islands (Name - if individual, state last, first, middle name) P.O. Box 493 Century Yard, Cricket Square George Town Grand Cayman KY1-1106 (Address) (City) (State) (Zip Code)

- CHECK ONE: [X] Certified Public Accountant [] Public Accountant [] Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

AB 6-17

OATH OR AFFIRMATION

I, Jeffrey Conyers, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Bermuda Securities (BVI) Ltd., as of March 31, 2012, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Handwritten signature of Leary K. Scott, Notary Public, 4 Burnaby Street, P.O. Box HM 3014, Hamilton HM MX, Bermuda. Date: 28 May 2012. MY COMMISSION DOES NOT EXPIRE.

Handwritten signature of the President. Signature Title

Notary Public

This report ** contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity of Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital (including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable).
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
(o) Independent Auditors' Report on Internal Accounting Control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FIRST BERMUDA SECURITIES (BVI) LTD.

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Independent Auditors' Report to the Shareholder

We have audited the accompanying financial statements of First Bermuda Securities (BVI) Ltd (the "Company"), which comprise the statement of financial condition, as at March 31, 2012, and the statements of income, changes in stockholders equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, which are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Company, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2012, and its financial performance and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedule 1 required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

As a consequence of the amalgamation with Capital G Bank Limited, the Company has decided to transfer its business to a related entity, de-register its license with FINRA and ultimately wind-up the operations of the Company. Consequently, these financial statements have been prepared on a wind-up basis as the Company will not continue as a going concern once the business is transferred to a related company.

May 28, 2012

FIRST BERMUDA SECURITIES (BVI) LTD.

Statement of Financial Condition

March 31, 2012

(Expressed in Bermuda Dollars)

	Note	2012	2011
Assets			
Cash and cash equivalents		498,419	643,157
Brokerage commissions receivable		53,623	71,181
Due from group companies, net	3	-	482,195
Accounts receivable & prepaid expenses		21,281	3,347
Total assets	BM\$	573,323	1,199,880
Liabilities			
Accounts payable & accrued liabilities		82,711	-
Due to group companies, net	3	313,796	-
Total liabilities		396,507	-
Stockholder's equity			
Capital stock			
Authorized, issued and fully paid			
50,000 shares of \$1 par value each		50,000	50,000
Retained earnings		126,816	1,149,880
Total stockholder's equity		176,816	1,199,880
Total liabilities and stockholder's equity	BM\$	573,323	1,199,880

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on May 28, 2012.

JEFFREY CONYERS

Director

FIRST BERMUDA SECURITIES (BVI) LTD.

Statement of Income

Year ended March 31, 2012

(Expressed in Bermuda Dollars)

	Note	2012	2011
Income			
Brokerage commissions		794,342	1,066,572
Interest income		477	2
Total income		794,819	1,066,574
Expenses			
Salaries and benefits	5	614,051	-
Other operating expenses	5	269,641	84,992
Commission expenses	4	249,958	451,088
Clearing and brokerage charges	5	164,706	207,376
Systems, software and communications	5	134,487	54,185
Rent and amenities	5	61,989	32,500
Secretary and filing fees	5	21,874	13,149
Bank charges	5	1,177	2,096
Total expenses		1,517,883	845,386
Net (loss)/income for the year		BM\$ (723,064)	221,188

See accompanying notes to financial statements.

FIRST BERMUDA SECURITIES (BVI) LTD.

Statement of Changes in Stockholder's Equity

Year ended March 31, 2012

(Expressed in Bermuda Dollars)

	2012	2011
Capital stock		
Capital stock at beginning and end of year	50,000	50,000
Retained earnings		
Retained earnings at beginning of year	1,149,880	990,692
Net (loss)/income for the year	(723,064)	221,188
Dividends	(500,000)	(62,000)
Return of dividends	200,000	-
Retained earnings at end of year	126,816	1,149,880
Total stockholder's equity	BM\$ 176,816	1,199,880

See accompanying notes to financial statements.

FIRST BERMUDA SECURITIES (BVI) LTD.

Statement of Cash Flows

Year ended March 31, 2012

(Expressed in Bermuda Dollars)

	2012	2011
Cash flows from operating activities		
Net (loss)/income for year	(723,064)	221,188
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in brokerage commissions receivable	17,558	43,601
Change in amount due from/to group companies, net	795,991	294,854
Change in accounts receivable & prepaid expenses	(17,934)	2,325
Change in accounts payable and accrued liabilities	82,711	-
Cash provided by operating activities	155,262	561,968
Cash flows from financing activities		
Dividends	(500,000)	(62,000)
Return of dividends	200,000	-
Net (decrease)/increase in cash and cash equivalents	(144,738)	499,968
Cash and cash equivalents at beginning of year	643,157	143,189
Cash and cash equivalents at end of year	BM\$ 498,419	643,157

See accompanying notes to financial statements

FIRST BERMUDA SECURITIES (BVI) LTD.

Notes to Financial Statements

Year ended March 31, 2012

(Expressed in Bermuda Dollars)

1. Incorporation and background information

First Bermuda Securities (BVI) Ltd. (the “Company”) was incorporated on November 2, 1992 under the laws of the British Virgin Islands and carries on business as a broker/dealer and is a registered member of the Financial Industry Regulatory Authority (“FINRA”). The Company is a wholly-owned subsidiary of First Bermuda Group Ltd. (“FBG”), a company incorporated in Bermuda, and is affiliated with Capital G Bank Limited (“Capital G”), also incorporated in Bermuda.

2. Significant accounting policies

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The following are the significant accounting policies adopted by the Company:

(a) Going concern assumption

Management formally intends to de-register the Company with FINRA subsequent to the year-end during 2012 and transition its existing customers to Capital G Brokerage, a Bermuda based broker-dealer. Based on the intended FINRA de-registration, the Company will be dissolved. The timing of the transition of the Company’s business to Capital G Brokerage is contingent upon the completion of the de-registration process with FINRA. As a result of management’s intention to dissolve the Company, the going concern assumption is not appropriate and the financial statements have been prepared on a wind-up basis.

(b) Brokerage commissions

Brokerage commissions are accounted for on a trade-date basis and are accrued to the statement of financial condition date.

(c) Interest income

Interest income is accrued to the statement of financial condition date.

(d) Commission expenses

Commission expenses are accrued to the statement of financial condition date.

(e) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments with maturities of less than three months from the date of acquisition. Money market fund investments are included in cash equivalents and are valued at the net asset value as reported by the funds’ administrators. Any appreciation in value is recorded as interest income in the statement of income. The Company maintains a bank account with Capital G for the daily operations of the Company.

FIRST BERMUDA SECURITIES (BVI) LTD.

Notes to Financial Statements (continued)

Year ended March 31, 2012

(Expressed in Bermuda Dollars)

2. Significant accounting policies (continued)

(f) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Due to/from group companies

Amounts due to or from the group companies are presented net. These amounts are interest free, unsecured and have no fixed terms of repayment.

4. Commission expenses

Commission expenses primarily represent the commissions paid by FBG to its employees for services provided to the Company. These expenses are computed as 50% of brokerage commission earned by the Company, after clearing and brokerage charges.

5. Related party transactions

FBG and Capital G are related parties of the Company. FBG and Capital G incurred general and administration expenses related to the operations of the Company. These expenses totalling BM\$231,114 (2010: BM\$157,084) were recharged to the Company during the year. Additionally, Capital G paid expenses totalling BM\$31,817 (2010: BM\$nil) on behalf of the Company during the year for which it received reimbursement from the Company.

The Company uses Gibbons Management Services Limited ("GMSL"), a related party, to process its payroll and employee related expenses, which totalled BM\$614,051 (2010: BM\$nil) for the year ended March 31, 2012.

Additionally, at March 31, 2012, the Company owed BM\$313,796 to related parties.

6. Net capital requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1. At March 31, 2012, the Company had net regulatory capital of BM\$148,430 (2011: BM\$704,338) per Schedule 1, which was \$121,996 (2011: BM\$699,338) in excess of its required net capital of BM\$26,434 (2011: BM\$5,000).

FIRST BERMUDA SECURITIES (BVI) LTD.

Notes to Financial Statements (continued)

Year ended March 31, 2012

(Expressed in Bermuda Dollars)

7. Taxation

The Company is considered a non-resident corporation for British Virgin Islands corporation taxation purposes and is therefore not subject to tax.

It is management's position that the Company is not engaged in a United States trade or business, as determined under United States Federal tax laws, and will not be subject to United States income taxes in respect of the profits and losses of the Company. As a result, management has made no provision for income taxes in the financial statements.

8. Fair values of financial instruments

The fair values of financial assets and liabilities, which include cash and cash equivalents, brokerage commissions receivable and due to/from group companies, approximate their carrying amounts as they are generally due on demand or earn interest at market rates.

9. Compliance matters

During the year ended March 31, 2011, FINRA performed a Sales Practice Examination of the Company. FINRA issued an Examination Report dated December 17, 2010, highlighting exceptions identified during the Examination. The Company replied to FINRA on January 7, 2011, with responses to each exception.

On November 14, 2011, the Company signed a Notice of Acceptance of Letter of Acceptance, Waiver and Consent ("AWC") with FINRA. As a result of the AWC, FINRA censured the Company and a member of management and fined the Company BM\$40,000 and a member of management BM\$10,000 for which the Company was jointly and severally liable. No further sanctions will be imposed against the Company or management as a result of the Examination.

10. Subsequent events

In preparing these financial statements management has evaluated and disclosed all material subsequent events up to May 28, 2012 which is the date that the financial statements were available to be issued.

FIRST BERMUDA SECURITIES (BVI) LTD.**Schedule 1**

Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission

March 31, 2012 and 2011

(Expressed in Bermuda Dollars)

	2012	2011
Net capital		
Total stockholder's equity	176,816	1,199,880
Total stockholder's equity qualified for net capital	176,816	1,199,880
Other deductions (excess fidelity bond)	(10,000)	(10,000)
Total capital and allowable subordinated liabilities	166,816	1,189,880
Deductions and/or charges:		
Non-allowable assets:		
Prepayments	(18,386)	(3,347)
Amount due from group companies	-	(482,195)
Total deductions and/or charges	(18,386)	(485,542)
Net capital before haircuts on securities positions	148,430	704,338
Net capital	BMS\$ 148,430	704,338
Aggregate indebtedness:		
Items included in statement of financial condition:		
Accounts payable and accrued expenses	396,507	-
Total aggregated indebtedness	BMS\$ 396,507	-
Computation of basic net capital requirement		
Minimum net capital required	26,434	5,000
Net capital	148,430	704,338
Excess net capital	BMS\$ 121,996	699,338
Ratio: Aggregate indebtedness to net capital	2.7:1.000	0:1.000

The amount stated for net capital in this Schedule is not materially different from the amount stated in Part 11A of the Company's report submitted to FINRA on Form X-17A-5 for the period ended March 31, 2012; and, therefore, a reconciliation is not required.



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**Report of Independent Registered Public Accounting Firm
on Internal Control Pursuant to Securities and Exchange Commission Rule 17a-5**

The Board of Directors
First Bermuda Securities (BVI) Ltd.:

In planning and performing our audit of the financial statements of First Bermuda Securities (BVI) Ltd. (the Company), as of and for the year ended March 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13, and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.¹

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at March 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten version of the KPMG logo, with the letters 'KPMG' in a stylized, cursive font.

May 28, 2012



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Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures Pursuant to SEC Rule 17a-5(e)(4)

The Board of Directors
First Bermuda Securities (BVI) Ltd.:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended March 31, 2012, which were agreed to by First Bermuda Securities (BVI) Ltd. (the Company) and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, which consisted of bank statements, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended March 31, 2012, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 20X1 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, which consisted of the Company's management accounts, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers, which included the Company's management accounts, supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.



We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

KPMG

May 28, 2012

Financial Statements

FIRST BERMUDA SECURITIES (BVI) LTD.

March 31, 2012

SEC
Mail Processing
Section

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Washington DC
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